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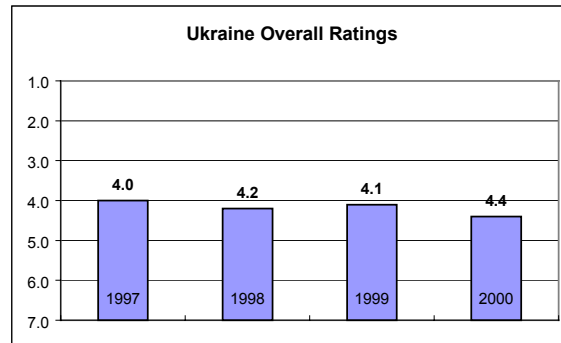
Capital: Kyiv
GDP per capita: \$1,048
Population: 49,900,000

Inflation: 45%
Unemployment: 3.7%
Foreign Direct Investment: \$600,000,000

OVERALL DESCRIPTION: 4.4

The Third Sector in Ukraine shows signs of energy, enthusiasm, and vigor despite considerable obstacles that block progress toward sustainability. Of the 28,700 NGOs registered as of July 1, 2000, local specialists estimate that about 3,500 are really active. NGOs are heavily concentrated in the largest cities of Kyiv, Lviv, Kharkiv and Donetsk. Of national level NGOs, 58% are in the capital, Kyiv, 18% in Lviv, and 10% in Crimea. No other oblasts have more than 5%. Approximately 16 resource centers provide training and informational support to NGOs, and are united in their own organization, the League of Regional Resource Centers. A Ukrainian training organization provides courses in NGO management at several locations, and has a certificate program for trainers.

During 1999, 268 Ukrainian NGOs formed a nation-wide coalition in favor of free and fair elections and democratic reform, the Freedom of Choice 99 Coalition, that attracted foreign funding and domestic support for its members. The Coalition has survived into 2000, albeit on a shoestring, gathering about 100 NGOs to support the coalition's new National Anticorruption Program that began in February 2000. The largest NGO in Ukraine, the Committee of Voters of Ukraine (CVU), with member organizations in all 25 oblasts and over one hundred cities across the country, has expanded its between-elections work to include community advocacy and transparency programs that are having results at the grassroots.



NGOs in Ukraine – especially those involved with policy or advocacy -- are still heavily dependent on foreign funding, hampered by clumsy and restrictive regulations, and frustrated in their fundraising by an unsupportive legal environment and a declining economy. Still, some social-sector NGOs have been able to improve their sustainability by matching foreign donor grants with corporate and government funds. A few have even launched social enterprises to fund some of their work.

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LEGAL ENVIRONMENT: 5.0

Much work remains to be done to improve the legal environment so that NGO development can flourish in Ukraine. NGOs must still register by type, and according to whether they are international, national, or regional. The Law on Trade Unions (passed late in 1999) introduced comparably restrictive and complex registration requirements that generated an appeal by Ukraine's independent trade unions to the International Labor Organization.

The International Center for Not-for Profit Law (ICNL), Counterpart Alliance for Partnership (CAP), and the Institute for Civil Society are working to generate a consensus in Parliament for improvements in the regulations, and develop a cadre of lawyers specializing in NGO law. While donors are doing their best to provide legal training and advice to the NGOs they fund, there is a clear need to reach many more – especially outside larger cities. Numerous clarifications in the laws are needed. For example, tax authorities are able to interpret the existing law such that an NGO that distributes magazines is a for-profit business. NGOs also seek specific provisions that will encourage donations to NGOs and allow NGOs to

carry over funds from one year to the next without punitive taxation.

Following the late 1999 presidential elections, tax police harassment of NGOs has intensified – a policy that may reflect political impulses, but also the generally more aggressive approach to anyone receiving foreign funds.

A lack of sound legal advice is a major constraint on NGO development. Donors and Ukrainian activists are working to redress this, but there is a great deal of work to be done. The legal education system does not prepare professionals well to help. Some legal advice is available, often pro bono, from interested lawyers at local advocacy clinics and free clinics attached to law schools. Foreign donors often make it possible for some legal advice on a more systematic basis, and synergies are created when they cooperate. For example, NDI's civic program includes a CAP staff lawyer in its fund raising seminars, and the IREX media law specialist has participated in seminars and programs for NGOs and think tanks. CAP has already planned joint legal training with ABA/CEELI, Winrock, and the US-Ukraine Foundation

ORGANIZATIONAL CAPACITY: 4.0

The majority of NGOs in Ukraine are small local organizations, often isolated, and not eager to locate other community groups they may view as potential rivals in the quest for funds or attention. Those that receive foreign assistance do work to build their constituencies, but this task is much more difficult for groups in outlying regions.

Foreign-funded organizations are more likely to have clear goals and missions,

and foreign funded groups are among those few that can afford to have a small professional staff. Youth groups and social service organizations rely much more on volunteers. Only the most mature NGOs have boards that can be considered to exercise any kind of oversight. Highly centralized and personalized leadership structures are normal practice in Ukraine.

The thirst for computers and Internet access is high, and always the first item

on the list of requests to donors. Donors have been happy to meet these requests, and regard the capacity to communicate and build networks of

affiliates and like-minded organizations and partner groups across borders as a key achievement.

FINANCIAL VIABILITY: 5.0

The overall economic situation in Ukraine leaves little money in anyone's pocket to contribute to charity work, professional associations, advocacy groups, or community projects. Yet there are some successes in local fundraising. Some NGOs are doing very well -- not just in raising funds, but in diversifying their support among a number of foreign donors. This group includes think tanks, and civic action groups such as the Committee of Voters of Ukraine (CVU). One charity group in Donetsk has raised over one million dollars in cash, locally. However, hints of true financial sustainability are so far limited to some social service NGOs

that have not only found support from business and government, but have even been able to earn some income to support their charitable activities. Examples include wheelchair repair facilities in Kyiv, Lviv, and Chernivtsy that run bicycle repair shops; a homeless shelter in Odesa that sells clothing made by its residents; and other groups with unrelated economic activities -- stationery stores, pasta production facilities, cafés. All active NGOs are under pressure to show accountability and careful record keeping -- not just by foreign donors, but also by the tax authorities.

ADVOCACY: 4.0

Despite a continuing decline in polls that track public confidence and optimism, the past year has been an exciting one for those who have been hoping to see more signs of successful advocacy among Ukrainian NGOs. The Freedom of Choice Coalition that brought together 268 NGOs in a national campaign for free and fair elections and democratic reforms survives and has turned to anti-corruption advocacy. The new reformist Prime Minister has reached out to NGOs, and offered support to pro-reform think tanks, policy groups, and integrity advocates.

There is plenty of evidence that with assistance and prodding from donors, and given examples of success by others, Ukrainian NGOs can develop effective advocacy programs. Activist social service groups have been

effective on the local level in several cases: A Lviv NGO initiated a strong advocacy campaign for the wheelchair disabled and achieved improved access through ramps on streets and in public buildings.

CVU has worked hard to achieve changes in election laws that will allow domestic observers and improve transparency. Their latest efforts have been high visibility, but it is still too early to tell how successful their mixed citizen-government drafting group will be. CVU has done better at the local level, as in its successful defense of five activists jailed for trying to monitor the Vasilkiv mayoral election. In Rivne, CVU activists mobilized citizens for a "honk-in" that persuaded the city council to

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change its plans to restrict business opportunities for citizen transport.

Think tanks and policy analysis NGOs have also had some success. One NGO conducted a study of the shadow economy, and the language and ideas from its study were incorporated into the new government's plan. A retailer's union successfully persuaded the Parliament to make a small, but important change to the law on corporate income tax. The community-based Integrity Partnership in Donetsk achieved agreement from the Oblast government to open a citizen advocacy center, and a similar group in Kramatorsk exposed and halted thefts by city employees from a businessman's construction materials stockpile. A citizens rights group in Luhansk that successfully fought a groundless dismissal of a mayor in 1997 is now attempting to gather evidence and

mobilize public opinion against brutality in pre-trial detention facilities. In sum, national level lobbying has potential, although achievements have been modest, and greater impact would require more collaboration.

Legal advocacy groups are relatively rare among NGOs, but can and do play an important role. In some places, lawyers and citizens have joined to take action to help – such as the Association of Lawyers in Vinnitsya that provides free legal consultations for citizens. Human rights advocacy NGOs have occasionally registered successes, especially at the local level. The Environmental Public Advocacy Centers, an affiliate of ECOPRAVO funded and organized by ABA/CEELI, have had good success with legal cases pursuing citizen's rights under environment laws.

SERVICE PROVISION: 4.0

The majority of active NGOs in Ukraine provide some form of service across a variety of sectors: education, environmental protection, legal consulting, training, empowerment, job training, and health services. To some extent this has been driven by foreign donors that choose to assist those providing specific services to their community, or to a needy group. Reform-oriented NGOs disseminate their studies, publications, and advice, and are highly motivated to reach and influence a wide audience of government officials, legislators, and academics. As a result of donor requirements, groups receiving international grant funding have been able to reach a wider community beyond their own membership.

Cost recovery is extremely difficult, especially because of restrictive laws and

aggressive tax authorities. Although many service groups have attempted to link grant proposals to plans to use their expertise or facilities to generate a commercial return (using computers for job training or website development, using physical therapy equipment to offer paid treatments), in general cost recovery is rare. There have been some impressive successes with a few "social enterprises" that have been built by social service NGOs after specialized business training. In a few cases, social services NGOs have successfully concluded "social contracts". For example, a Rivne-based Volyn resource center has been sub-contracted by the city administration to manage a small grant competition for social service outsourcing. Elsewhere, some municipal authorities have developed quite favorable and supportive relations with youth

groups, social service NGOs, or those representing groups in difficulty (such as pensioners, the disabled). The integrity partnerships in Donetsk, Lviv, and Kharkiv are based on government-business-NGO agreements.

The new reformist government has offered support to some pro-reform groups, including a small grant to help the Freedom of Choice Coalition work on its Anti-Corruption Program. The

Prime Minister's office has asked a small collection of pro-reform think tanks to screen policy proposals. Groups like Mothers of Soldiers work closely with the government at many levels to seek better treatment for draftees –relationships that are sometimes difficult. The lawyers association in Vinnitsya occupies an office subsidized by the city government, and local deputies refer citizens to its consultative sessions.

INFRASTRUCTURE: 4.0

NGOs in Ukraine can avail themselves of some high quality support services, thanks to the maturation of some excellent Ukrainian resource centers. Training expertise is perhaps the best developed, as represented by the certificate program now in place for trainers and trainers of trainers by Counterpart Creative Center (CCC). CCC has even won contracts to administer US Embassy grant competitions, and has been hired to assist foreign funded implementers in building up training capacity in a variety of fields. A number of foreign donors have contributed to the development of these centers, but the effective temporary withdrawal of the key funder, the Eurasia Foundation, this year has left a big gap that has not been filled.

The Eurasia Foundation has supported a network of NGO resource centers that

continues to grow. Recently, new ones have appeared in Kirovohrad, and in Crimea. However, funding has not been level and there is a serious need to find ways to keep them operating, as most local NGOs are unable to pay for their services.

New NGOs and potential NGOs need help to get started, organize themselves, register, and plan for sustainability. Increasingly, useful information about potential funders, and about legal issues is available on the Internet, and is also available through local representative offices of donors, as well as through the resource centers. Coalition building has been successful among the civic action groups that formed the Freedom of Choice Coalition, but coalition building in other sectors -- even among groups active on similar tasks -- has not been very visible.

PUBLIC IMAGE: 5.0

The media in Ukraine are politically restrained, and face heavy harassment for coverage considered critical of the government or leading political figures. Yet the picture is not totally bleak. Aggressive and apparently successful efforts by a few well-funded NGOs to

utilize media, including the internet, to promote their programs, involve citizens, and publicize civic activism suggests that there is much untapped potential for citizen communication in Ukraine. In some cases, such as anti-trafficking, media and NGOs have combined forces

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to help publicize the dangers of trafficking.

For the average NGO, the media can seem unfriendly or uninterested. Some donors have sought to help remedy this through publications, conferences, and training that show NGOs how to use the media, and cultivate contacts with media in order to promote their goals.

Internews, a USAID-funded activity in support of independent broadcasting media, has also assisted NGOs directly with production assistance for media spots, talk shows about their successes, and even docudramas. The legal advocacy specialists at IREX-Promedia have also have been helpful.